

EXPLANATION OF THE PROPOSED AMENDMENT
ARGUMENTS IN FAVOR OF THE AMENDMENT
ARGUMENTS AGAINST THE AMENDMENT
FORM OF BALLOT

To the Electors of the State of Illinois:

The purpose of a state constitution is to establish a structure for government and laws. The Illinois Constitution: provides citizens with rights and protections; creates the executive, judicial, and legislative branches of government; clarifies the powers given to local governments; limits the taxing power of the State; and imposes certain restrictions on the use of taxpayer dollars. There are three ways to initiate change to the Illinois Constitution: (1) a constitutional convention may propose changes to any part; (2) the General Assembly may propose changes to any part; or (3) the people of the State by referendum may propose changes to the Legislative Article. Regardless of the method of initiating change, the people of Illinois must approve any changes of the Constitution before they become effective.

The proposed amendment adds Section 5.1 to the General Provisions Article of the Illinois Constitution. The new section would require a three-fifths majority vote to approve any pension or retirement benefit increase for public employees and officials. At the general election to be held on November 6, 2012, you will be called upon to decide whether the proposed amendment should become part of the Illinois Constitution.

EXPLANATION

The proposed amendment adds a section to the Illinois Constitution requiring a three-fifths majority vote to approve any pension or retirement benefit increase for public employees and officials.

The proposed amendment requires a three-fifths vote of each chamber of the General Assembly (the Senate and the House of Representatives) for a bill that provides a pension benefit increase, except for appropriation bills. "Benefit increase" means a change to any pension or other law that results in a member of a pension or retirement system receiving a new benefit or an enhancement, including any changes that (i) increase the amount of a member's pension, or (ii) reduce or eliminate the eligibility requirements or other terms or conditions a member must meet to receive a pension. It also means a change to any pension or other law that expands the class of persons who may become members of any pension or retirement system. An increase in salary or wage level, by itself, does not constitute a "benefit increase," unless the increase exceeds limitations provided by law.

The proposed amendment would also require a two-thirds vote for lawmakers to override a governor's veto or accept a governor's proposed changes in a rewrite of pension increase legislation. Currently, it takes a three-fifths vote to override a veto and only a simple majority to accept a governor's changes.

The proposed amendment requires approval of three-fifths of the members of the governing body of a unit of local government or school district for any ordinance, resolution, rule, or other action that provides an enhancement or emolument increase to an employee or officer that has the effect of increasing the pension of that employee or officer. "Emolument increase" means the creation of a new, or enhancement of an existing, advantage, profit, or gain that an official or employee receives by virtue of holding office or employment, which includes compensated time off, bonuses, incentives, or other forms of compensation. An increase in salary or wage level, by itself, does not constitute an "emolument increase," unless the increase exceeds limitations provided by law.

The proposed amendment requires approval of three-fifths of the members of the governing body of a pension or retirement system for any action that results in a "beneficial determination." A "beneficial determination" is an interpretation or application of law that reverses or supersedes a previous decision if that interpretation or application (i) results in an increase in the overall amount of pension benefits received by a member or (ii) results in a person becoming eligible to receive a pension. "Beneficial determination" does not include a final decision mandated by the courts.

Voters that believe the Illinois Constitution should be amended to require a three-fifths majority vote to approve any pension or retirement benefit increase for public employees and officials should vote "YES" on the question. Three-fifths of those voting on the question, or a majority of those voting in the election, must vote "YES" in order for the amendment to become effective. Voters that believe the Illinois Constitution should not be amended to require a three-fifths majority vote to approve any pension or retirement benefit increase for public employees and officials should vote "NO" on the question.

Arguments in Favor of the Proposed Amendment

- (1) A higher vote requirement would help prevent unfunded future liability for pension benefits.
- (2) Requiring a three-fifths vote would provide better accountability.
- (3) A three-fifths vote requires greater consensus among parties.

Unfunded Liability

Currently, the public retirement system is not financially stable and is significantly underfunded. A higher vote requirement to enact pension benefit increases will help to maintain fiscal responsibility and make it more difficult to further burden the public retirement system.

Provide More Accountability

The proposed amendment provides more accountability in the legislative process by requiring more votes to pass a pension benefit increase. Since the cost of benefit increases comes at a later date, the price to the taxpayers is not always noticed immediately. A higher vote requirement will signify to the governing body that they are taking a serious action and will encourage greater in-depth thought before passage.

Greater Consensus

A three-fifths vote requirement means the members of the governing body, regardless of political affiliation, will need to work together to reach an agreement. A greater consensus would provide for better decisions and more serious deliberation. Given the importance of pension benefit increases and their subsequent impact on taxpayers, greater agreement would be beneficial.

Arguments Against the Proposed Amendment

- (1) A higher vote requirement may limit the bargaining power of employers and employees.
- (2) There is the possibility of disagreement on what constitutes a benefit increase.
- (3) Requiring a supermajority for pension benefit increases could make it more difficult to recruit the best people to work in government service.

Decreased Bargaining Power

Many government employees are represented by labor unions that bargain on their behalf for particular benefits. This constitutional amendment may make it more difficult for unions to bargain for certain increased benefits for their employees. In addition, many government employers may prefer to bargain over these benefits to give incentives to employees to do their jobs well. This constitutional amendment could remove bargaining power from both the government employer and government employee.

Possibility of Disagreement on Terms

The proposed amendment creates new definitions for the terms "benefit increase," "emolument increase," and "beneficial determination," which are not defined in other statutes or in existing case law. These definitions could generate litigation, resulting in additional costs. There may also be disagreement amongst the governing body on whether a bill, resolution or other action constitutes a "benefit increase," "emolument increase," or "beneficial determination."

Recruiting Employees for Government Jobs

Like any employer, units of government wish to attract good employees. This constitutional amendment may make it more difficult for employers to increase benefits to employees and therefore, make it harder to attract the best people to government service.

FORM OF BALLOT

Proposed Amendment to the 1970 Illinois Constitution Explanation of Amendment

Upon approval by the voters, the proposed amendment, which takes effect on January 9, 2013, adds a new section to the General Provisions Article of the Illinois Constitution. The new section would require a three-fifths majority vote of each chamber of the General Assembly or the governing body of a unit of local government, school district, or pension or retirement system, in order to increase a benefit under any public pension or retirement system. At the general election to be held on November 6, 2012, you will be called upon to decide whether the proposed amendment should become part of the Illinois Constitution.

If you believe the Illinois Constitution should be amended to require a three-fifths majority vote in order to increase a benefit under any public pension or retirement system, you should vote **"YES"** on the question. If you believe the Illinois Constitution should not be amended to require a three-fifths majority vote in order to increase a benefit under any public pension or retirement system, you should vote **"NO"** on the question. Three-fifths of those voting on the question or a majority of those voting in the election must vote "YES" in order for the amendment to become effective on January 9, 2013.

YES	For the proposed addition
-----	of Section 5.1 to Article XIII
NO	of the Illinois Constitution.
